implementation of VAT in case of industrial catering services have not been issued by the Empowered Committee on VAT;

(b) whether it is a fact that in-house catering wherein the employer provides food to the employees of the company have also been brought under VAT by some State Governments;

(c) if so, the reasons for this distortion and anti welfare measure;

(d) whether steps being taken to correct this anomaly; and

(e) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) No, Sir.

(b) to (e) The VAT system, a State level Tax Reform measure implemented with effect from 1* April 2005 by most of the States, is a State subject. Therefore, the power to take the decision to levy VAT on in-house catering, wherein the employer provides food to the employees, rests with the State Governments and only the States can take steps to correct the anomaly, if any.

Guidelines for giving educational loans to students

3429. SHRI T.T.V. DHINAKARAN: Will the Minister of FINANCE be pleased to state:

(a) the rules/guidelines laid down by Nationalized Banks for giving educational loans to students;

(b) the amount earmarked by banks for this purpose for the year 2005-06; and

(c) what is the remedy available to poor students/parents who are denied educational loan on grounds of surety, assets etc. by the banks in violation of guidelines?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) In consonance with the Budget announcement for the year 2004-05, Indian Banks'Association (IBA) had issued revised guidelines dated 31.08.2004 on educational loan scheme to all member banks. The salient features of the educational loan scheme is as under:

- Loans upto Rs. 7.5 lakh for studies in India and upto Rs. 15 lakh for studies abroad. It covers courses in schools and colleges in India and abroad.

- Interest rate not to exceed BPLR for loans upto Rs. 4 lakh and BPLR + 1% for loans above Rs. 4 lakh.
- Margin upto Rs. 4 lakh Nil, 5% margin for studies in India and 15% margin for studies abroad required for loans above Rs.4lakh.
- No security is required upto Rs. 4 lakh. Above Rs. 4 lakh and upto Rs. 7.5 lakh collateral in the form of a suitable third party guarantee and above Rs. 7.5 lakh collateral security of suitable value or suitable third party guarantee along with the assignment of future income of the student for payment of instalments.

(b) The target fixed under educational loan scheme by IBA during 2005-06 is 2 lakh fresh loan accounts for an amount of Rs. 3000 crore to be sanctioned.

(c) Bank have been advised to adhere to the guidelines issued by IBA. Complaints received, if any, from the Public/Students are referred to concerned banks for immediate redressal.

Misappropriation of funds earmarked for farmers

†3430. SHRI NAND KISHORE YADAV: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the loans given to farmers of Bihar and Uttar Pradesh by district co-operative banks and various finance agencies in States are insufficient to meet the needs of these farmers;

(b) if so, the details thereof;

(c) whether it is also a fact that the employees of the said banks cheat the farmers by misappropriating funds;

(d) if so, the total number of complaints received during the last two years; and

(e) the details of action taken on the said complaints?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) The quantum of loan provided to the farmers for production credit is based on the scale of finance fixed by District Level Technical Committee (DLTC) and for investment purposes based on unit cost fixed by National Bank for Agricultural and Rural

†Ortginal notice of the question was received in Hindi.